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INTERGOVERNMENTAL NEGOTIATING COMMITTEE
FOR A FRAMEWORK CONVENTION ON CLIMATE CHANGE
Eleventh session
New York, 6-17 February 1995

REPORT OF THE INTERGOVERNMENTAL NEGOTIATING COMMITTEE FOR A FRAMEWORK CONVENTION ON CLIMATE CHANGE ON THE WORK OF ITS ELEVENTH SESSION HELD AT NEW YORK FROM 6 TO 17 FEBRUARY 1995

Addendum

PART TWO: RECOMMENDATIONS TO THE CONFERENCE OF THE PARTIES AND OTHER DECISIONS AND CONCLUSIONS OF THE COMMITTEE

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I. RECOMMENDATIONS TO THE CONFERENCE OF THE PARTIES

Recommendation 1

The report on implementation

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recalling that the Conference of the Parties shall, in accordance with Article 7.2 (f) of the United Nations Framework Convention on Climate Change, consider, adopt and publish regular reports on the implementation of the Convention,

Considering that the publication and dissemination of information to a wide audience would help achieve the objectives of Article 6 and mobilize opinion in support of the implementation of the Convention,

Recalling also its mandate to prepare for the first session of the Conference of the Parties pursuant to General Assembly resolution 47/195 of 22 December 1992,

Recommends that the Conference of the Parties, at its first session, adopt the following decision:

The report on implementation

The Conference of the Parties,

Recalling that the Conference of the Parties shall, in accordance with Article 7.2 (f) of the United Nations Framework Convention on Climate Change, consider, adopt and publish regular reports on the implementation of the Convention,

Considering that the publication and dissemination of information to a wide audience would help achieve the objectives of Article 6 and mobilize opinion in support of the implementation of the Convention,

Having considered recommendation 1 of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

1. Decides that the report on implementation will be a public information document designed for the informed public;

2. Decides that the first report on implementation will be published after the conclusion of, and reflecting the results of, the first session;

3. Requests the secretariat to draft, and to publish as soon as possible, the report on implementation, drawing on the decisions of, and the texts of the documents considered by, the Conference of the Parties, taking account of the discussions at the session, and presenting the content of the report in a style appropriate for public information and outreach;

4. Decides to review the results of this decision at its second session and to consider at that time the scheduling of subsequent reports.

Recommendation 2

Organizational matters

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recalling its mandate to prepare for the first session of the Conference of the Parties pursuant to General Assembly resolutions 47/195 of 22 December 1992, 48/189 of 21 December 1993 and 49/120 of 19 December 1994,

Recalling also the recommendations contained in paragraphs 135-137 of the report of the Committee on the work of its tenth session,[1/]

Taking note of the documentation prepared by the Executive Secretary on arrangements for the first session of the Conference of the Parties,[2/]

Taking account of its relevant conclusions at the present session,

Recommends to the Conference of the Parties, at its first session:

(a) Allocation of tasks

(i) That it establish a sessional Committee of the Whole, chaired by a Vice-President of the Conference and open to the participation of all delegations, which would have the task of recommending decisions on outstanding issues for adoption by the Conference and whose Chairman would have the authority to delegate work, as appropriate, to drafting groups;

(ii) That no more than two meetings be held simultaneously;

1/ A/AC.237/76 and Corr.1.

2/ A/AC.237/78 and Add.1 and 2.

(b) Statements

(i) That there be only one series of general statements by delegations, that statements during the ministerial segment be limited to those by Ministers of the States participating in the Conference of the Parties and other heads of delegations of Parties and that statements by other delegations and by representatives of United Nations system bodies and observer organizations be made during the senior officials' segment;

(ii) That the average length of time for each statement during the ministerial segment be limited and that provision be made for evening meetings during that segment;

(iii) That, in accordance with past practice, individual statements not be summarized in the report of the session and that delegations may, if they so wish, provide copies of such statements for distribution at the meeting;

(c) Admission of organizations as observers

(i) That it decide to admit as observers to its first session, in accordance with Article 7.6 of the Convention, those organizations listed in document A/AC.237/78/Add.2;

(ii) That it consider admitting organizations on an additional list to be prepared by the Executive Secretary, in consultation with the Chairman and Bureau of the Committee, of intergovernmental and non-governmental organizations that express their wish to be admitted as observers to the first session of the Conference of the Parties.

Recommendation 3

Preparation and submission of national communications from the Parties included in Annex I to the Convention

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recalling its mandate to prepare for the first session of the Conference of the Parties pursuant to General Assembly resolution 47/195 of 22 December 1992,

Recalling also Articles 4.1 (a), 4.2 (b), 4.6, 7.2 and 12 of the United Nations Framework Convention on Climate Change,

Recalling further its preparatory work on the review of the first communications from the Parties included in annex I to the Convention, as reflected in documents A/AC.237/24, A/AC.237/41, A/AC.237/55 and A/AC.237/76,

Taking account of its experience in considering the first communications from Parties included in Annex I to the Convention and the fact that some Parties included in that Annex have not yet submitted their communications,

Recommends that the Conference of the Parties, at its first session, adopt the following decision:

Preparation and submission of national communications from the Parties included in Annex I to the Convention

The Conference of the Parties,

Recalling Articles 4.1 (a), 4.2 (b), 4.6, 7.2 and 12 of the United Nations Framework Convention on Climate Change,

Having considered recommendation 3 of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

1. Urges those Parties included in Annex I to the Convention (Annex I Parties) that have not submitted their first communications according to Article 12.5 of the Convention to do so as soon as possible;

2. Requests Annex I Parties, except as specified in paragraph 3 below, to submit to the secretariat, in accordance with Article 12.1 and 12.2 of the Convention and with guidelines revised, as appropriate, for the preparation of such communications to be adopted by the Conference of the Parties:

(a) A second national communication,[1/] by 15 April 1997;

(b) National inventory data on emissions by sources and removals by sinks on an annual basis, recognizing that for some greenhouse gases and sectors or activities annual data may be less readily available or less relevant; on this basis, data (where appropriate, updated) for the period 1990-1993 and, where available, for 1994 should be provided by 15 April 1996; data for subsequent years should be provided annually on 15 April, following the same principles;

3. Decides that those Annex I Parties required to submit their first communications during 1996, and which do so in accordance with the Convention, may be exempt from the provisions of paragraph 2 (a) above;

4. Decides that, until further review, the guidelines for the preparation of first communications by Annex I Parties, as elaborated in the Annex to decision 9/2 of the Committee,[2/] should continue to be used by Annex I Parties in preparing their communications;

5. Requests the secretariat, drawing on the experience in the compilation and synthesis of national communications, to prepare a report on the guidelines for the preparation of first communications by Annex I Parties for consideration by the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation before the second session of the Conference of the Parties, with a view, among other things, to further enhancing the comparability and focus of the communications;

6. Requests the Subsidiary Body for Scientific and Technological Advice, in the context of its work on methodological issues arising from the review of national communications, to consider the use of relevant statistical adjustments;

7. Decides to continue to apply the procedures for the transmission, distribution and translation of communications as elaborated in Committee decision 9/2,[3/] until new

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1/ This term includes communications from the regional economic integration organization included in Annex I to the Convention.

2/ A/AC.237/55, annex I.

3/ Ibid., and A/AC.237/45, paras. 56-66.

procedures are established before the submission of the second national communications by Annex I Parties and subject to a review in 1996 of the financial implications of those procedures.

Recommendation 4

Review of first communications from the Parties included in Annex I to the Convention

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recalling its mandate to prepare for the first session of the Conference of the Parties pursuant to General Assembly resolution 47/195 of 22 December 1992,

Recalling also that the Conference of the Parties will, at its first session, review the information communicated by Parties included in Annex I to the Convention, in accordance with Articles 4.2 (b) and 12 of the Convention,

Recommends that the Conference of the Parties, at its first session, adopt the following decision:

Review of first communications from the Parties included in Annex I to the Convention

The Conference of the Parties,

Recalling the relevant provisions of the Convention, in particular Articles 4.2 (a), (b) and (d), 7.2 (a), (d) and (e), 9.2 (b) and 10.2,

Having considered recommendation 4 of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

1. Adopts the statement of purpose of the review process contained in annex I to the present decision and the description of tasks of the review contained in annex II;

2. Decides:

(a) That each national communication[1/] submitted by a Party included in Annex I to the Convention (Annex I Party) should be subject to an in-depth review as soon as possible, but within one year of receipt by the secretariat, with the aim of completion by the second session of the Conference of the Parties; such in-depth reviews should be carried out by expert review teams, under the authority of the subsidiary bodies;

(b) That the review teams should be coordinated by a representative of the secretariat and composed of experts selected from those nominated by Parties and, as appropriate, by intergovernmental organizations as described in paragraph 4 (b) below; experts nominated by Parties should, to the extent possible, constitute a majority of each team;

(c) That the review teams should conduct their work through in-depth "paper" reviews, guided by the purpose and tasks of the review referred to in paragraph 1 above, drawing upon annexes A, B and C to document A/AC.237/63/Add.1; if deemed helpful, visits to clarify the communications, with the prior approval of the Party concerned, might also be useful;

(d) That each review team should produce, under its collective responsibility, a report on each in-depth review of a national communication, written in non-confrontational language, and submit it to the subsidiary bodies; such review reports should be based on the indicative outline contained in annex III to the present decision; they should be approximately 10 pages in length and should include a summary; a draft of the review report should be provided to the Party being reviewed and, as a general rule, revised to reflect any comments the Party might have. Should the Party and the review team be unable to agree on the treatment of a comment, the secretariat will ensure that the comments of the Party are incorporated within a separate section of the summary of the review report; the summary of the review report should be distributed by the secretariat to all Parties and accredited observers to the Conference of the Parties; copies of the full review report will be available on request;

(e) That the subsidiary bodies should consider the in-depth review reports;

(f) To make the necessary arrangements to finance the review process in the budget for the permanent secretariat;

1/ In this recommendation, the term "national communication" includes communications from the regional economic integration organization included in Annex I to the Convention.

3. Invites:

(a) Parties to contribute to the review process by nominating experts for selection to participate in the review teams and to otherwise assist the secretariat as required;

(b) Parties to make voluntary contributions to the trust fund for the negotiating process to support the implementation of the present decision until the budget of the permanent secretariat is established;

(c) Intergovernmental organizations to make contributions of experts and/or resources, where possible, to assist the secretariat in undertaking the review of national communications under the Convention;

4. Requests the secretariat:

(a) To coordinate and facilitate the review process described in paragraph 2 above, including the organization of the in-depth reviews of individual national communications;

(b) To select, under the guidance of the Chairmen of the subsidiary bodies, the members of the in-depth review teams from among the names provided by the Parties and intergovernmental organizations, ensuring a balance of skills and expertise, of environmental and developmental perspectives and the necessary geographical balance among team members. It should also ensure that such experts do not participate in reviews of the national communications from their own country;

(c) To prepare, for consideration by the subsidiary bodies and by the Conference of the Parties at its second session, a second compilation and synthesis of first national communications, taking into account available review reports of individual national communications and including, as appropriate, the names of Parties in the narrative text, bearing in mind the facilitative and non-confrontational nature of the process;

(d) To examine means to facilitate the exchange and sharing of information among Parties, including forums in which a general and further analysis of specific and common aspects of national communications could be undertaken.

Annex I

Purpose of the review of first communications from Annex I Parties

The review should provide a thorough and comprehensive technical assessment of the implementation of the Convention commitments by individual Annex I Parties and Annex I Parties as a whole. Its purpose is to review, in a facilitative, non-confrontational, open and transparent manner, the information contained in the communications from Annex I Parties to ensure that the Conference of the Parties has accurate, consistent and relevant information at its disposal to assist it in carrying out its responsibilities, which are, inter alia:

(a) To assess the implementation of the Convention by the Parties, the overall effects and cumulative impacts of the measures taken and the extent to which progress towards the objective of the Convention is being achieved (Articles 7.2 (e), 4.2 (a) and (b) and 10.2 (a));

(b) To contribute to the reviews by the Conference of the Parties of the adequacy of commitments and to its decisions on follow-up action (Articles 10.2 (b) and 4.2 (d));

(c) To examine the obligations of these Parties under Articles 4, 5, 6 and 12 of the Convention;

(d) To examine the institutional arrangements under the Convention;

(e) To promote and guide the development and refinement of methodologies (Article 7.2 (d)) and guidelines to enhance the comparability and focus of further communications;

(f) To promote and facilitate the exchange of information on measures adopted by the Parties (Article 7.2 (b)).

Annex II

Tasks of the review of first communications from Annex I Parties

The review process should undertake six major tasks:

1. Review key qualitative information and quantitative data points contained in national communications;

2. Review policies and measures described in national communications;

3. Assess the information contained in national communications against Convention commitments, and assess the extent to which progress towards the objective of the Convention is being achieved;

4. Describe expected progress in the limitation of emissions by sources and enhancement of removals by sinks of greenhouse gases, on the basis of information contained in national communications;

5. Describe expected progress in cooperation to prepare for adaptation;

6. Aggregate data across national communications with respect to inventories, projections, effects of measures and financial transfers, but without adding up the individual national totals for projections and the effects of measures.

Annex III

Outline for review reports from in-depth reviews of individual national communications from Annex I Parties

I. Introduction and summary

- Convention ratification date
- Date of receipt of national communication
- Dates of review and dates of comment period
- Members of the review team
- National circumstances
- Summary and findings

    * Compliance with guidelines
    * Review of key data points
    * Approach to greenhouse gas mitigation
    * Expected progress in greenhouse gas mitigation
    * Approach to adaptation
    * Expected progress on adaptation
    * Implementation of Convention commitments
    * Summary of comments offered by the Party (when not reflected in the text)

II. Inventories of anthropogenic emissions and removals

- Implementation of Convention commitments
- Approaches used
- CO_2 - review of key data points
- CH_4 - review of key data points
- N_2O - review of key data points
- Other gases - review of key data points
- Emissions from international marine and aviation transport

III. Policies and measures

- Implementation of Convention commitments
- Overview of measures by gas, sector and policy instrument
- Effects of individual measures, where possible
- Policies and measures under consideration or requiring international cooperation

IV. Projections and effects of policies and measures

- Implementation of Convention commitments
- Approaches used
- Review of key data points

V. Projected progress in greenhouse gas mitigation

VI. Expected impacts of climate change

VII. Adaptation measures

- Implementation of Convention commitments

VIII. Financial assistance and technology transfer

- Review of key data points
- Implementation of Convention commitments

IX. Research and systematic observation

- Implementation of Convention commitments

X. Education, training and public awareness

- Implementation of Convention commitments

Recommendation 5

First communications from Parties not included in Annex I to the Convention

The Intergovernmental Committee Negotiating Committee for a Framework Convention on Climate Change,

Having taken note of document A/AC.237/Misc.40 on the approach by the Group of 77 and China on the format for communication of information by Parties not included in Annex I to the Convention,

Recommends that the Conference of the Parties, at its first session, adopt the following decision:

First communications from Parties not included in Annex I to the Convention

The Conference of the Parties,

Having taken note of document A/AC.237/Misc.40 on the approach by the Group of 77 and China on the format for communication of information by Parties not included in Annex I to the Convention (non-Annex I Parties),

1. Requests the subsidiary bodies to develop, for consideration by the Conference of the Parties at its second session, recommendations on guidelines for the preparation of national communications from non-Annex I Parties and proposals for the process to consider these communications in accordance with Article 10 of the Convention;

2. Further requests the interim secretariat to provide a compilation of any views on the subject raised in paragraph 1 above transmitted by the Parties to the secretariat by 30 June 1995. Documents that have been, or will be, submitted to the secretariat may, upon request by the submitting Party, be issued by the secretariat in the original language only and be distributed to all delegations.

Recommendation 6

Criteria for joint implementation

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recommends that the Conference of the Parties, at its first session, continue the consideration of criteria for joint implementation, taking into account comments made and views expressed at the eleventh session of the Committee, including the draft texts proposed by the Group of 77 and China (annex I below), the European Community and its member States (annex II below), and the United States of America (annex III below).

Annex I

Proposal by the Group of 77 and China

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Having held fruitful and extensive but not conclusive discussions on the item of the criteria for joint implementation at its eighth, ninth, tenth, and eleventh sessions,

Recalling that the Conference of the Parties is mandated in conformity with Article 4.2 (d) to take decisions regarding criteria for joint implementation as indicated in Article 4.2 (a),

Recognizing that, according to the provisions of the FCCC, the commitment under Article 4.2 (a) to adopt national policies and to take corresponding measures on the mitigation of climate change applies only to Annex I Parties,

Emphasizing that, according to the provisions of the FCCC, only Annex I Parties have obligations to limit GHG emissions. Developing country parties have no such obligations,[a/]

Acknowledging that joint activities to address climate change undertaken between developed country Parties and developing country Parties are different from joint implementation and basically fall under Article 4.5,

that such joint activities shall be compatible with and supportive of national sustainable development priorities and strategies and shall promote technology cooperation, including technology transfer and capacity building; and to contribute to the cost-effectiveness of climate change policies and measures so as to ensure global benefits at the lowest possible cost,

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[a/] "Noting that the largest share of historical and current global emissions of greenhouse gases has originated in developed countries, that per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs." (Paragraph 3 of the Preamble to the Convention)

that the financing of joint activities shall be independent from and additional to financial obligations within the framework of the financial mechanism as well as to current Official Development Assistance (ODA) flows,

Decides to:

a) Transmit to the first session of the Conference of the Parties for consideration and appropriate action the comments made by Parties and other member States at the eleventh session of the Committee;

b) Recommend that the COP:

- Decide that joint implementation under Article 4.2 (a) is applicable to Annex I Parties only;

- Decide that no credits will be obtained by developed country Parties during the pilot phase;

- Take note of the views expressed on joint implementation and joint activities aimed at addressing climate change, respectively;

- Develop, at its first session, criteria for joint implementation according to Article 4.2 (d);

- Take note of any information provided on a voluntary basis by Parties regarding joint activities;

- Consider, at an appropriate later session, assessing the experience gained on joint implementation;

2. Requests the interim secretariat to provide the Conference of the Parties, at its first session, with a compilation of interventions and other comments on this subject which Parties and other member States will have transmitted to the interim secretariat by 17 February 1995. Documents that have been or will be submitted to the interim secretariat may, upon request by the submitting country or organization, be issued by the interim secretariat in the original language only and distributed to all delegations.

Annex II

Proposal by the European Community and its member States

Proposal for a draft recommendation to be considered at the first session of the Conference of the Parties

1. The Committee, at its eighth, ninth, tenth and eleventh sessions, discussed the concept of joint implementation very extensively. Nevertheless, many difficult issues have remained unsolved in the negotiating process. Therefore, the main conclusion from the debate so far is that joint implementation requires additional clarification of its conceptual and operational aspects, in particular with respect to the conditions which need to be created in order to emphasize the benefits expected of joint implementation and to control possible adverse effects and repercussions.

2. Opinions expressed by delegations during the four sessions on the benefits and the eventual risks associated with joint implementation differ considerably.

A major concern among many countries is that joint implementation in the sense of an international crediting mechanism could lead to a delay of necessary mitigation action in developed countries and that the opportunity to offset national commitments by joint implementation activities might reduce the incentives to exploit opportunities for technological innovation and structural change in those countries.

It was stressed by some delegations that both parties involved in a joint implementation activity invest resources and other economic and production factors, at least in terms of "opportunity costs", and that this situation must be kept in mind when it comes to the question of the sharing of benefits.

The benefits expected of joint implementation are to be seen, inter alia, in an intensified transfer of capital, investments, technology and know-how with positive impetus to the development process in the countries involved, under the condition that joint implementation activities are in line with national development priorities and strategies, and in a more efficient use of scarce resources to reduce anthropogenic GHG emissions worldwide. Joint implementation activities can also contribute to capacity building.

3. There are still uncertainties about important methodological matters, in particular with respect to the definition of reasonable baselines for the calculation of GHG emission reductions achieved by joint implementation activities and with respect to the sharing of benefits. Moreover, there are unsolved questions with regard to the organization and institutional framework and with respect to the allocation of responsibilities and competence.

Some delegations support the idea of a bottom-up approach leaving the responsibility mainly with the Parties participating in joint implementation activities, others would prefer a top-down model in which the Conference of the Parties and its bodies would play a central role.

4. In spite of the differing views of delegations and the above-mentioned uncertainties there appears to be a mutual consensus that a phased approach beginning with a pilot phase based on a provisional set of criteria agreed upon by the Conference of the Parties at its first session would be reasonable in order to test the concept of joint implementation and to give countries the opportunity to gain and share experiences. It is widely accepted that no joint implementation should take place in order to meet present commitments, i.e., no crediting in that context during or after a pilot phase. Also, further commitments should substantially be implemented through domestic measures. Although some delegations indicated their preference to restrict joint implementation to activities among Annex I Parties the participation also of non-Annex I Parties on a strictly voluntary "opt-in" basis appears to be acceptable, at least for a pilot phase.

5. Against this backdrop, the INC recommends the Conference of the Parties at its first session to take the following decision:

Draft Decision by COP 1

MATTERS RELATING TO COMMITMENTS

Joint Implementation

1. Considering the still differing views of Parties on the concept of joint implementation the COP considers a phased approach beginning with a pilot phase an appropriate way to develop the concept. A thorough evaluation of the experience gained during a pilot phase will be useful for the further elaboration of detailed criteria as requested by Article 4.2 (d) of the Framework Convention on Climate Change.

2. Such a pilot phase shall start immediately after COP 1 and will be open to Annex I Parties and to other Parties that wish to take part on a voluntary basis. The pilot phase should proceed and be evaluated in parallel with the negotiation of a protocol.

3. The pilot phase shall aim at the following objectives:

(a) To evaluate how joint implementation could contribute to the achievement of the ultimate objective of the Framework Convention on Climate Change;

(b) To identify and address conceptual and practical issues in developing and implementing joint implementation activities;

(c) To provide an opportunity to the participants to determine the costs and benefits of joint implementation in a practical fashion;

(d) To identify and address the specific problems of different groups of countries in the context of joint implementation;

(e) To text the criteria for the pilot phase set by the COP;

(f) To encourage the involvement of the private sector, in order to explore new possibilities for cooperation, transfer and widespread use of the environmentally-friendly technologies and for the generation of new flows of investment and know-how;

(g) To gain experience on institutional arrangements;

(h) To assess results of joint implementation activities, including methods for calculating the benefits obtained, and to test possible accounting procedures;

(i) To identify project categories particularly suitable for joint implementation;

(j) To prepare for follow-up.

4. The progress of the pilot phase shall be monitored by the COP through yearly reports that the Subsidiary Body on Implementation will prepare supported by independent experts nominated by Parties and based on the information communicated by the Parties. This information should, where feasible, contain details on the aspects listed in the appendix to this decision.

5. A comprehensive evaluation report, addressing in particular the above-mentioned objectives of the pilot phase, shall be prepared by the Subsidiary Body on Implementation on the basis of a draft prepared by the secretariat with the support of independent experts nominated by Parties, for submission to COP, as a basis for further decisions on criteria for joint implementation and on further phases. The detailed Terms of References for the evaluation shall be adopted by COP 2.

6. In the context of the pilot phase it will be helpful to make use of the experience gained by activities already underway on condition that such activities will be evaluated against the criteria for the pilot phase. Moreover, possible modalities for sharing the benefits of joint implementation projects might be examined through simulation in order to assess a

future crediting mechanism in case the Conference of the Parties decides on such a mechanism.

7. In order to fulfil their present specific commitments in Article 4.2 (a) and (b) of the Framework Convention, Annex I Parties shall limit their greenhouse gas emissions at home through their own actions. This commitment shall not be met through joint implementation activities. Therefore, neither during nor after the pilot phase shall crediting with regard to the present commitment under Article 4.2 (a) and (b) of the Convention be used.

8. The following criteria will apply during the pilot phase. Some of these will provide general guidance on matters relating to joint implementation, others will give guidance with respect to specific projects. Prime responsibility for applying these criteria will rest with the participants and the Parties involved in the activities. The COP shall ensure that joint implementation will be transparent, well defined and credible through an effective system of communication, monitoring and review, as well as through the independent evaluation mentioned in paragraph 4 above.

9. Projects in the pilot phase (selection of joint implementation projects and their implementation) shall meet the following criteria:

C1 Joint implementation refers only to joint action to implement policies and measures, and in no way modifies the commitments of each Party;

C2 Joint implementation activities shall be financed independently of the obligations of the Parties within the framework of the financial mechanism and of the technical assistance pursuant to Articles 4.3, 4.4 and 4.5 of the Convention; official development assistance (ODA) should not be used to finance joint implementation activities;

C3 Joint implementation activities can refer to all greenhouse gases not controlled by the Montreal Protocol and/or combinations of these gases and to reservoirs and sinks without prejudice to future decisions on criteria for joint implementation. Nevertheless priority shall be given to a gas by gas approach and to joint implementation activities resulting in emission reductions;

C4 Crediting of joint implementation activities with regard to present commitments under the FCCC is excluded during the pilot phase;

C5 Joint implementation is a voluntary activity under the responsibility of two or more Parties; such activities must be undertaken or accepted by the governments[a/] concerned.

C6 Joint implementation measures shall be compatible with national strategies to reduce greenhouse gas emissions and shall be supportive to national sustainable development strategies.

C7 Joint implementation shall bring about real, measurable and long-term environmental benefits determined against reasonable baselines;

C8 The impacts of joint implementation activities shall be assessed with respect to their environmental as well as economic and social effects.

Appendix

The reports of the Contracting Parties should, where feasible, in particular contain details on the following aspects:

* Description of the original situation before the implementation of the project in particular with respect to anthropogenic emissions of greenhouse gases;

* Description of the project, in particular with respect to the technologies applied and also with respect to measures necessary for the implementation, for example, in the sectors of infrastructure, management and qualification;

* Calculation of the reduction in anthropogenic greenhouse gas emissions achieved by and/or expected from the project, as compared to the original situation or a business-as-usual situation, with a detailed list and description of methods applied and baselines taken as a basis for the calculation;

* Illustration of further environmental impacts associated with the project;

* Costs and funding (including sharing of costs and funding between the Parties involved) of the project;

* Illustration of secondary economic effects and of social effects (e.g. effects on prices, employment);

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a/ This includes "regional economic integration organizations."

* Organization of the project;

* Overall evaluation of the project, for example, with respect to emission reduction, transfer of technology, capacity building;

* Description of monitoring and verification procedures.

Annex III

Proposal by the United States of America

Taking note of the extensive discussions held on this issue during the sessions of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Also noting that the concept of joint implementation – while provided for in the text of the Convention – is still untested,

Supporting the need further to explore the international ramifications of joint implementation,

Endorsing the potential that joint implementation activities hold to help cost-effectively reduce global emissions and enhance sinks of greenhouse gases, and

Recognizing that the development of a mature joint implementation programme may aid in the negotiations of next steps under the Convention,

1. The Parties decide to further examine and evaluate a joint implementation programme through a pilot phase.

2. Such a pilot phase will start immediately after COP 1 and be open to all Parties that wish to take part on a voluntary basis.

3. The pilot phase will be developed with the objective of identifying and addressing conceptual and practical issues in developing and implementing joint implementation activities. In particular, the pilot phase should:

(a) evaluate the pilot phase criteria (attached as the appendix to this decision);

(b) assess the results of joint implementation activities, including the testing of methodologies for calculating emission reductions and of accounting procedures;

(c) provide an opportunity to participants to determine the costs and benefits of joint implementation in a practical fashion;

(d) assess the need for appropriate institutional arrangements;

(e) identify and address the specific problems of Parties or groups of Parties in the context of joint implementation; and

(f) encourage the involvement of the private sector, in order to explore new possibilities for cooperation, transfer and widespread use of environmentally-friendly technologies and for the generation of new flows of investment and know-how.

4. The Subsidiary Body for Scientific and Technological Advice (SBSTA) will develop modalities for monitoring and evaluating the joint implementation pilot programme and will report on these to the Subsidiary Body on Implementation (SBI) and to the Conference of the Parties.

5. Reports will include, where appropriate, references to materials presented in national communications by individual Parties. Specific guidance for reporting on joint implementation activities would supplement national communication guidelines and would be developed by the SBSTA and adopted by the COP at its second session. SBSTA would also prepare a synthesis report on the scientific and technical aspects of joint implementation for consideration by the SBI.

6. The pilot phase will conclude with, and results of approaches and initiatives will be examined in, the review under Article 4.2 (d) and (f).

Appendix: Criteria for Pilot Phase Joint Implementation

1. Joint implementation will be a voluntary activity, accepted by the Governments of the Parties concerned.

2. Joint implementation refers only to joint action to implement policies and measures and in no way modifies the commitments of the Parties to the Convention.

3. Projects will only be considered joint implementation projects to the extent they are financed from sources additional to existing ODA or Annex II Party contributions to the GEF.

4. Joint implementation activities may address any greenhouse gas, any combination of gases, and any source or sink or combination of sources and sinks of greenhouse gases.

5. Joint implementation projects must include data and methodological information sufficient to establish a baseline of current and future greenhouse gas emissions:

   (a) in the absence of the specific measures; and

   (b) as a result of the specific measures.

6. The project must reduce greenhouse gas emissions or sequester greenhouse gases beyond those calculated in 5 (a) above.

7. The impacts of joint implementation activities will be assessed with respect to their non-greenhouse gas environmental impacts and benefits – including the social and economic consequences – and the potential for the project to lead to changes in greenhouse gas emissions elsewhere.

Recommendation 7

Methodological issues

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recalling its mandate to prepare for the first session of the Conference of the Parties pursuant to General Assembly resolution 47/195 of 22 December 1992,

Recalling also Articles 4.2 (c), 7.2 (d), 9.2 (e) and 12.1 (a) of the United Nations Framework Convention on Climate Change,

Recalling further its preparatory work on methodological issues as reflected in documents A/AC.237/24, A/AC.237/41, A/AC.237/55 and A/AC.237/84,

Recommends that the Conference of the Parties, at its first session, adopt the following decision:

Methodological issues

The Conference of the Parties,

Recalling articles 4.2 (c), 7.2 (d), 9.2 (e) and 12.1 (a) of the United Nations Framework Convention on Climate Change,

Having considered recommendation 7 of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

1. Decides:

(a) That the Guidelines for National Greenhouse Gas Inventories and Technical Guidelines for Assessing Climate Change Impacts and Adaptations adopted by the Intergovernmental Panel on Climate Change should be used by Annex I Parties in preparing their national communications[1/] pursuant to the Convention. Parties that already have an established and comparable methodology could continue to use that methodology, provided that they include sufficient documentation to back up the data presented. Standard tables and

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1/ In this recommendation, the term "national communications" includes communications from the regional economic integration organization included in Annex I to the Convention.

formats recommended in the Intergovernmental Panel on Climate Change Guidelines should be used for the presentation of that data;

(b) That the Guidelines for National Greenhouse Gas Inventories and Technical Guidelines for Assessing Climate Change Impacts and Adaptations or the simplified default methodologies adopted by the Intergovernmental Panel on Climate Change should be used by non-Annex I Parties, as appropriate and to the extent possible, in the fulfillment of their commitments under the Convention;

(c) That Parties may use global warming potentials to reflect their inventories and projections in carbon-dioxide-equivalent terms. In such cases, the 100-year time-horizon values provided by the Intergovernmental Panel on Climate Change in its 1994 Special Report should be used. Parties may also make use of at least one of the other time-horizons provided by the Panel in its 1994 Special Report;

(d) That the Subsidiary Body for Scientific and Technological Advice, drawing upon existing competent international bodies, including the Intergovernmental Panel on Climate Change, and taking account of decisions ___on the process for reviewing first national communications and decision ___ on the subsidiary bodies, should:

(i) Consider the methodological issues arising from the review of national communications, including those identified in the compilation and synthesis of national communications and in available in-depth review reports, and make recommendations thereon to the Conference of the Parties at its second session;

(ii) Provide advice to the Conference of the Parties and to the Subsidiary Body for Implementation, taking account of the outcome of subparagraph (i) above, on further development, refinement, improvement and use of comparable methodologies for:

a. National inventories of emissions and removals of greenhouse gases;

b. Projecting national emissions and removals of greenhouse gases and comparing the respective contributions of different gases to climate change;

c. Evaluating the individual and aggregate effects of measures undertaken pursuant to the provisions of the Convention;

d. Conducting impact/sensitivity analyses and assessing adaptation responses;

(iii) Propose a work plan and timetable for longer-term activities relating to methodological questions (including inventory methodologies and methodologies for analysing impacts and mitigation options) and the establishment of working relationships with other bodies (in particular, the Intergovernmental Panel on Climate Change and its working groups and programmes);

(iv) Report on the work specified above to the Conference of the Parties at its second session;

(e) To consider at a future session, in the light of the scientific, technical and practical information provided by the Subsidiary Body for Scientific and Technological Advice, the issues covered by the decisions contained in subparagraphs (a) and (b) above;

(f) That the Subsidiary Body for Scientific and Technical Advice and the Subsidiary Body for Implementation, taking fully into account ongoing work in Governments and international organizations, including the International Maritime Organization and the International Civil Aviation Organization, address the issue of the allocation and control of emissions from international bunker fuels, and report on this work to the Conference of the Parties at its second session;

2. Invites the relevant international organizations and bodies, including the Intergovernmental Panel on Climate Change, to contribute to the work of the Subsidiary Body for Scientific and Technological Advice, especially on the scientific aspects of methodologies, particularly those relating to inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol on Substances that Deplete the Ozone Layer, global warming potentials of those greenhouse gases, vulnerability assessment and adaptation, projections of emissions by sources and removals by sinks, the evaluation of the effects of measures undertaken pursuant to the provisions of the Convention and the allocation and control of emissions from international bunker fuels.

Recommendation 8

The roles of the subsidiary bodies established by the Convention

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recalling its mandate to prepare for the first session of the Conference of the Parties pursuant to General Assembly resolution 47/195 of 22 December 1992,

Recalling also Articles 9 and 10 of the United Nations Framework Convention on Climate Change establishing, respectively, the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI),

Recalling further its preparatory work on the roles of the subsidiary bodies as reflected in documents A/AC.237/24, A/AC.237/41, A/AC.237/55, A/AC.237/76 and A/AC.237/85,

Recommends that the Conference of the Parties, at its first session, adopt the following decision:

The subsidiary bodies established by the Convention

The Conference of the Parties,

Recalling Articles 9 and 10 of the United Nations Framework Convention on Climate Change establishing, respectively, the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI),

Having considered recommendation 8 of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Noting that the roles of the subsidiary bodies can be broadly characterized as follows:

(a) The SBSTA will be the link between the scientific, technical and technological assessments and the information provided by competent international bodies, and the policy-oriented needs of the Conference of the Parties,

(b) The SBI will develop recommendations to assist the Conference of the Parties in its assessment and review of the implementation of the Convention and in the preparation and implementation of its decisions,

1. Decides that subject to future reconsideration, the functions of the SBSTA and the SBI will be as outlined in annex I to this decision, which annex builds upon Articles 9 and 10 of the Convention and recommendations from the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change. In carrying out these functions, the subsidiary bodies may be assisted, in accordance with rule 27 of the rules of procedure, by such intergovernmental[1/] technical advisory panels as are deemed necessary, in particular to provide scientific and technological advice including on related economic aspects and on specific practices;

2. Requests the SBSTA to undertake the tasks described in annex I, A to this decision, as well as the tasks mandated in decision ___ and to report on its work to the Conference of the Parties at its second session;

3. Requests the SBI to undertake the tasks described in annex II, B to this decision, as well as the tasks mandated in decision ___ and to report on its work to the Conference of the Parties at its second session;

4. Requests both bodies to develop proposals on their longer-term activities and organizational arrangements, including any adjustments to the functions and/or allocation of work, and the scheduling and periodicity of sessions, taking due account of the financial and support implications, and to report accordingly to the Conference of the Parties at its second session;

5. Invites the officers of the SBSTA and the SBI to play an active role in preparing for the substantive sessions of these bodies, with the support of the secretariat;

6. Requests the Convention secretariat to make arrangements for sessions of both subsidiary bodies on the basis of annexes II and III to this decision. When possible, sessions should be held consecutively, starting with the SBSTA, and would last for a week;

7. Further requests the Convention secretariat to support the substantive work of the subsidiary bodies, in particular by:

(a) Organizing their sessions;

1/ In this recommendation, the term "intergovernmental" includes the regional economic integration organization included in Annex I to the Convention.

(b) Liaising with competent scientific and technical international bodies and financial institutions, in order to ensure an adequate flow of information in both directions;

(c) Preparing the documentation needed for consideration by the subsidiary bodies or the Conference of the Parties;

(d) Providing technical and analytical support for the review of communications by Parties included in Annex I to the Convention.

Annex I

FUNCTIONS TO BE CARRIED OUT BY THE SUBSIDIARY BODIES

A. Functions to be carried out by the Subsidiary Body for Scientific and Technological Advice under the guidance of the Conference of the Parties and drawing upon existing competent international bodies

1. Provide assessments of the state of scientific knowledge relating to climate change and its effects (Article 9.2 (a)). In this context:

(a) Summarize and, where necessary, convert the latest international scientific, technical, socio-economic and other information provided by competent bodies including, inter alia, the Intergovernmental Panel on Climate Change (IPCC), into forms appropriate to the needs of the Conference of the Parties (COP), including in support of the review of the adequacy of commitments;

(b) Compile and synthesize scientific, technical and socio-economic information on the global situation on climate change, provided by, inter alia, the IPCC, as well as on the latest developments in science, to the extent possible, and assess the implications thereof for the implementation of the Convention; and formulate requests to competent international scientific and technical bodies.

2. Prepare scientific assessments on the effects of measures taken in the implementation of the Convention (Article 9.2 (b)). In this context:

(a) Consider the scientific, technical and socio-economic aspects of the in-depth review reports, resulting from the process for the review of national communications;[a]

(b) Consider the compilation and synthesis of national communications prepared by the secretariat;

(c) Make recommendations on the technical aspects related to the review of information contained in national communications.

3. Identify innovative, efficient and state-of-the-art technologies and know-how, and advise on the ways and means of promoting development and/or transferring such technologies (Article 9.2 (c)). In this context:

(a) Ensure the collection and dissemination of information on appropriate technologies for limiting emissions from sources, enhancing sinks of greenhouse gases and adapting to climate change, and on related international initiatives, cooperation and programmes, and the services they offer;

(b) Provide advice on the latest, and future, technologies mentioned above, their effects, their relative feasibility in different circumstances and their relevance to programme priorities of the financial mechanism, taking into account relevant advice to the Conference of the Parties from the Subsidiary Body for Implementation;

(c) Provide advice on ideas on promoting international initiatives, programmes and cooperation in the areas of technology development and transfer, as well as on sharing of experience between Parties;

(d) Evaluate ongoing efforts in the area of development and/or transfer of technologies to determine whether they fully meet the needs of the Convention, and advise on possible improvements.

4. Provide advice on scientific programmes, and on international cooperation in research and development related to climate change, as well as on ways and means of supporting endogenous capacity-building in developing countries (Article 9.2 (d)), and assist the Parties in implementing Articles 5 and 6 of the Convention. In this context:

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[a] In this recommendation, the term "national communications" includes communications from the regional economic integration organization included in Annex I to the Convention.

(a) Ensure the collection and dissemination of information on international initiatives, cooperation and programmes in the areas of scientific research and systematic observation, as well as on education, human resources and training, public awareness, capacity-building, and the services they offer;

(b) Provide advice on education programmes;

(c) Provide advice on human resources and training;

(d) Provide advice and ideas on promoting the above initiatives, cooperation and programmes, as well as sharing of experience between Parties;

(e) Evaluate ongoing efforts in these fields to determine whether they fully meet the needs of the Convention and advise on possible improvements.

5. Respond to scientific, technological and methodological questions that the Conference of the Parties and its subsidiary bodies may put to the body (Article 9.2 (e)). In this context:

(a) Seek, in particular from the IPCC, and provide advice on, the development, improvement and refinement of comparable methodologies for:

(i) National inventories of emissions and removals of greenhouse gases;

(ii) Projecting national emissions and removals of greenhouse gases and comparison of respective contributions of different gases to climate change;

(iii) Evaluating the individual and aggregated effects of measures undertaken pursuant to the provisions of the Convention;

(iv) Conducting impact/sensitivity analyses;

(v) Assessing adaptation responses;

(b) Seek information and provide advice on methodological questions in support of the guidance to be provided by the Conference of the Parties to the financial mechanism, and guidelines in the application of the concept of "agreed full incremental cost";

(c) Provide information and advice on any methodology and technical aspects that would be needed in the development of protocols to the Convention;

(d) Provide guidance and advice to the Parties on the use of agreed methodologies;

(e) Provide guidance to the Parties on technical aspects of issues related to the implementation of the Convention, such as the allocation and control of emissions from international bunker fuels or the use of global-warming potentials.

B. Functions to be carried out by the Subsidiary Body for Implementation under the guidance of the Conference of the Parties

1. Consider the information communicated in accordance with Article 12.1, to assess the overall aggregated effect of the steps taken by the Parties in the light of the latest scientific assessments concerning climate change (Article 10.2 (a)): In this context:

Consider the policy aspects of the in-depth review reports resulting from the process for the review of national communications, inter alia, on the basis of the scientific and technical analysis provided by the Subsidiary Body for Scientific and Technological Advice (SBSTA) and make recommendations to the Conference of the Parties regarding the implementation of the Convention.

2. Consider the information communicated in accordance with Article 12.2, in order to assist the Conference of the Parties in carrying out the reviews required by Article 4, paragraph 2 (d) (Article 10.2 (b)): In this context:

Consider how the overall aggregated effect of the steps taken by Parties relates to the commitments set out in Article 4.2 (a) and (b), to the modification of longer-term trends in anthropogenic emissions, and to any further commitments that might be agreed upon by the Parties in subsequent amendments or protocols to the Convention, as well as to the objective of the Convention.

3. Assist the Conference of the Parties, as appropriate, in the preparation and implementation of its decisions (Article 10.2 (c)), taking into account advice from the SBSTA. In this context:

(a) Advise the Conference of the Parties on the policies, eligibility criteria and programme priorities related to the financial mechanism, as well as on transfer of technology in the light of the reviews and assessments carried out under Article 10.2 (a), taking into account relevant advice from the SBSTA and, if so requested by the Conference of the Parties:

(i) Review the financial mechanism and advise on appropriate measures;

(ii) Consider reports from the operating entity or entities of the financial mechanism on activities related to climate change;

(iii) Make recommendations related to the arrangements for the operational linkages between the Conference of the Parties and the operating entity or entities;

(b) Provide recommendations to the Conference of the Parties on possible responses to the findings of the review of the adequacy of Article 4.2 (a) and (b) and its implementation, including, if so requested by the Conference of the Parties, the conducting of negotiations on resolutions, amendments or protocols;

(c) Advise the Conference of the Parties on matters related to the consideration of information contained in national communications.

Annex II

TASKS FOR THE SUBSIDIARY BODIES BETWEEN THE FIRST AND SECOND SESSIONS OF THE CONFERENCE OF THE PARTIES

A. Tasks for the Subsidiary Body for Scientific and Technological Advice

The Subsidiary Body for Scientific and Technological Advice (SBSTA), under the guidance of the Conference of the Parties, shoulJ:

1. Consider the Second Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and make appropriate recommendations to the Conference of the Parties and, where appropriate, the Subsidiary Body for Implementation (SBI);

2. Undertake the tasks on methodological questions as specified in decision ____ on methodological issues;

3. Lay the groundwork for performing its advisory functions relating to technology transfer and research and development, with initial emphasis on identifying, promoting access to and disseminating information on state-of-the-art technologies and know-how for limiting

emissions of greenhouse gases and adapting to climate change, and addressing capacity-building needs for the effective use and dissemination of such technologies;

4. Lay the groundwork for performing its advisory functions relating to capacity-building in developing country Parties, taking into account any information from the SBI;

5. Establish such intergovernmental technical advisory panels as may be deemed necessary and approved by the Conference of the Parties, to provide it with advice on technologies, including on related economic aspects, and on methodologies; and define the terms of reference, work plans, membership and duration of work thereof;

6. Oversee the in-depth review of scientific and technical aspects and the preparation of the compilation and synthesis of the first national communications from Annex I Parties in accordance with decision ___; and make recommendations thereon to the Conference of the Parties and/or the SBI.

B. Tasks for the Subsidiary Body for Implementation

The Subsidiary Body for Implementation, under the guidance of the Conference of the Parties, should:

1. Oversee the in-depth review of the policy aspects of the first national communications from Annex I Parties, including the implementation of their commitments under Article 4.2 (a) and (b) in accordance with Article 12.2 of the Convention and Article 4.5 in accordance with Article 12.3 of the Convention on the basis of scientific and technical analysis provided by the Subsidiary Body for Scientific and Technological Advice, in accordance with decision ___; and make recommendations thereon to the Conference of the Parties;

2. Consider the report from the operating entity or entities of the financial mechanism, in accordance with decision ___; and make recommendations thereon to the Conference of the Parties;

3. Further elaborate policies, programme priorities and eligibility criteria for the financial mechanism and provide assistance to the Conference of the Parties, in accordance with decision ____;

4. Undertake the tasks on the follow-up to the review of the adequacy of Article 4.2 (a) and (b), in accordance with decision ___.

Annex III

SUMMARY OF THE SEQUENCE OF EVENTS PRIOR TO THE SECOND SESSION OF THE CONFERENCE OF THE PARTIES, INCLUDING A LIST OF MATTERS TO BE CONSIDERED BY THE SUBSIDIARY BODIES

Schedule	Subsidiary Body for Scientific and Technological Advice	Subsidiary Body for Implementation
First session October 1995	Consider work plan and relationships with IPCC and other bodies Organize work of intergovernmental technical advisory panels Plan for consideration of IPCC Second Assessment Report Work relating to review of national communications	Consider work plan Work relating to follow-up to review of the adequacy of Article 4.2 (a) and (b) Work relating to review of national communications
January 1996	Intergovernmental technical advisory panels meet Workshop a/ on non-governmental inputs	
Second session Mid-February 1996	Consider IPCC Second Assessment Report Consider work of intergovernmental technical advisory panels Consider report of workshop on non-governmental inputs Work relating to review of national communications Deal with requests from SBI	Work relating to follow-up to review of the adequacy of Article 4.2 (a) and (b) Work relating to review of national communications
April 1996	Intergovernmental technical advisory panels meet	Issue-specific workshop
Third session July 1996 (preceding the second session of the Conference of the Parties)	Finalize recommendations to the Conference of the Parties at its second session and, where appropriate, to SBI Work relating to review of national communications	Deal with matters relating to the financial mechanism Finalize recommendations to the Conference of the Parties at its second session Work relating to review of national communications

a/ The workshop, open to all Parties and interested non-governmental participants, should discuss the need for, and possible scope, structure, membership and work plans of, non-governmental advisory committees and/or a business consultative mechanism and report recommendations in the light of the workshop to the Conference of the Parties at its second session.

Recommendation 9

Maintenance of the interim arrangements referred to in Article 21, paragraph 3, of the Convention

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recalling its mandate to prepare for the first session of the Conference of the Parties pursuant to General Assembly resolution 47/195 of 22 December 1992,

Recalling also Article 11.4 of the Convention, which provides that the Conference of the Parties shall make arrangements to implement the provisions of Article 11.1, 11.2 and 11.3 at its first session,

Recommends that the Conference of the Parties, at its first session, adopt the following decision:

Maintenance of the interim arrangements referred to in Article 21, paragraph 3, of the Convention

The Conference of the Parties,

Recalling Articles 11.4 and 21.3 of the United Nations Framework Convention on Climate Change,

Having considered the report by the Global Environment Facility (GEF) to the eleventh session of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change, on the restructured Global Environment Facility,[1/]

1. Decides that the restructured GEF shall continue, on an interim basis, to be the international entity entrusted with the operation of the financial mechanism referred to in Article 11 of the Convention;

2. Decides, in accordance with Article 11.4 of the Convention, to review the financial mechanism within four years and take appropriate measures, including a determination of the definitive status of the GEF in the context of the Convention.

1/ A/AC.237/89.

Recommendation 10

Arrangements between the Conference of the Parties and an operating entity or entities of the financial mechanism

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recalling its mandate to prepare for the first session of the Conference of the Parties pursuant to General Assembly resolution 47/195 of 22 December 1992,

Recalling also Article 11.4 of the Convention, which provides that the Conference of the Parties shall make arrangements to implement the provisions of Article 11.1, 11.2 and 11.3 at its first session,

Recommends that the Conference of the Parties, at its first session, adopt the following decision:

Arrangements between the Conference of the Parties and an operating entity or entities of the financial mechanism

The Conference of the Parties,

Recalling Article 11.3 of the United Nations Framework Convention on Climate Change,

Having considered recommendation 10 of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

1. Takes note of the elements for inclusion in arrangements between the Conference of the Parties and an operating entity or entities of the financial mechanism presented in the note by the interim secretariat, contained in document A/AC.237/87, including comments made on relevant paragraphs at the eleventh session of the Committee;

2. Requests the secretariat, in consultation with the secretariat of the Global Environment Facility, to prepare, bearing in mind comments made at the eleventh session of the Committee, for consideration by the Subsidiary Body for Implementation at its first session, draft arrangements for adoption by the Conference of the Parties at its second session.

Recommendation 11

Initial guidance on policies, programme priorities and eligibility criteria to the operating entity or entities of the financial mechanism

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recommends that the Conference of the Parties, at its first session, adopt the following decision:

Initial guidance on policies, programme priorities and eligibility criteria to the operating entity or entities of the financial mechanism

The Conference of the Parties,

Recalling Article 11.1 of the United Nations Framework Convention on Climate Change,

Having considered recommendation 11 of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

1. Decides to adopt the following initial guidance on policies, programme priorities and eligibility criteria to the operating entity or entities of the financial mechanism:

(a) Regarding activities undertaken under Article 11 of the Convention,

Within the framework of the financial mechanism:

(i) The operating entity or entities should, in all funding decisions related to the financial mechanism, take into account Article 4.1, 4.7, 4.8, 4.9 and 4.10 of the Convention. In particular, in order to take full account of the specific needs and special situations of the least developed countries, funds allocated to their projects/ programmes should be on a grant basis;

(ii) Projects funded through the financial mechanism should be country-driven and in conformity with, and supportive of, the national development priorities of each country;

(iii) The operating entity or entities should ensure that, with reference to activities involving transfer of technology, such technology is environmentally sound and adapted to suit local conditions;

(iv) As far as possible, due consideration should be given to the following aspects concerning activities undertaken under the financial mechanism. Activities should be:

- supportive of the national development priorities which contribute to a comprehensive national response to climate change;

- consistent with and supportive of the relevant provisions of internationally agreed programmes of action for sustainable development in line with the Rio Declaration and Agenda 21 and UNCED-related agreements;

- sustainable and lead to wider application;

- cost-effective;

(v) The operating entity or entities of the financial mechanism should strive to leverage other funds in support of the activities of developing country Parties to address climate change;

(vi) In mobilizing funds, the operating entity or entities should provide all relevant information to developed country Parties and other Parties included in Annex II to the Convention, to assist them to take into full account the need for adequacy and predictability in the flow of funds. The entity or entities entrusted with the operation of the financial mechanism should take full account of the arrangements agreed with the Conference of the Parties, which, inter alia, shall include determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of the Convention, as provided for in Article 11.3 (d) of the Convention.

(b) Regarding programme priorities,

(i) Priority should be given to the funding of agreed full costs (or agreed full incremental costs, as appropriate) incurred by developing country Parties in complying with their obligations under Article 12.1 and other relevant commitments under the Convention. In the initial period, emphasis should be placed on enabling activities undertaken by developing country Parties, such as planning and endogenous capacity-building, including institutional strengthening, training, research and education, that will facilitate implementation, in accordance with the Convention, of effective response measures;

(ii) In this context, activities aimed at strengthening research and technological capabilities for the implementation of the Convention in developing country

Parties should be supported through international and intergovernmental efforts. Such support would include networking and the training of experts and, as appropriate, institutional development;

(iii) Emphasis should also be placed on improving national public awareness and education on climate change and response measures;

(iv) The operating entity or entities should finance the formulation by developing country Parties of nationally determined programmes to address climate change issues which are in accordance with national development priorities. To facilitate the formulation of these programmes, it should finance capacity-building and all other activities related to the formulation, management and regular updating of these programmes, which should, as far as possible, be comprehensive;

(v) The operating entity or entities should, in accordance with the policies, programme priorities and eligibility criteria as established by the Conference of the Parties, be available to assist, if so requested, in the implementation of the national programmes adopted by developing country Parties;

(vi) In the implementation of these national programmes, the operating entity or entities should support agreed activities to mitigate climate change, as referred to in the Convention, in particular in Article 4.1, consistent with Article 4.3.

(c) Regarding eligibility criteria,

Eligibility criteria will apply to countries and to activities and will be applied in accordance with Article 11.1, 11.2 and 11.3;

(i) Regarding eligibility of countries, only countries that are Parties to the Convention would be eligible to receive funding upon entry into force of the Convention. In this context, only developing country Parties would be eligible to receive funding through the financial mechanism, in accordance with Article 4.3;

(ii) Regarding eligibility of activities,

- Those activities related to obligations under Article 12.1 to communicate information for which the "agreed full costs" are to be met are eligible for funding;

- Measures covered by Article 4.1 are eligible for funding through the financial mechanism in accordance with Article 4.3. Such measures

should be agreed between the developing country Party and the international entity or entities referred to in Article 11.1, in accordance with Article 4.3;

- In addition to the above, such measures would be eligible for financial support under Article 11.5.

(d) Regarding adaptation, the following policies, programme priorities and eligibility criteria:

(i) Adaptation to the adverse effects of climate change, as defined by the Convention, will require short, medium and long term strategies which should be cost effective, take into account important socio-economic implications, and should be implemented on a stage-by-stage basis in developing countries that are Parties to the Convention. In the short term, the following stage is envisaged:

- Stage I: Planning, which includes studies of possible impacts of climate change, to identify particularly vulnerable countries or regions and policy options for adaptation and appropriate capacity-building;

(ii) In the medium and long term, the following stages are envisaged for the particularly vulnerable countries or regions identified in Stage I:

- Stage II: Measures, including further capacity-building, which may be taken to prepare for adaptation, as envisaged by Article 4.1 (e);

- Stage III: Measures to facilitate adequate adaptation, including insurance, and other adaptation measures as envisaged by Article 4.1 (b) and 4.4;

(iii) Based on the outputs of the Stage I studies, as well as other relevant scientific and technical studies, such as those of the Intergovernmental Panel on Climate Change (IPCC), and any emerging evidence of the adverse effects of climate change, the Conference of the Parties may decide that it has become necessary to implement the measures and activities envisaged in Stages II and III, consistent with the relevant conclusions of the Committee and with the provisions of the Convention;

(iv) Funding for the implementation of such adaptation measures and activities would be provided as follows:

- For Stage I, the Conference of the Parties at its first session, shall entrust to the Global Environment Facility (GEF), the interim operating entity of the financial mechanism, the task of meeting the agreed full costs of the activities required by Article 12.1 of the Convention. This would include meeting the agreed full costs of relevant adaptation activities undertaken in the context of the formulation of national communications; such activities may include studies of the possible impacts of climate change, identification of options for implementing the adaptation provisions (especially the obligations contained in Article 4.1 (b) and 4.1 (e) of the Convention), and relevant capacity-building;

- If it is decided in accordance with paragraph (iii) above, that it has become necessary to implement the measures envisaged in Stages II and III, the Parties included in Annex II to the Convention will provide funding to implement the adaptation measures envisaged in these stages in accordance with their commitments contained in Article 4.3 and 4.4 of the Convention;

- In its review of the financial mechanism of the Convention under Article 11.4, the Conference of the Parties, taking into account studies conducted and options for adaptation identified during Stage I, any emerging evidence of the adverse effects of climate change, as well as the relevant conclusions reached by the Committee and its own decisions on this issue, must decide on the channel or channels, under Article 11 of the Convention, to be used for the funding referred to in the preceding subparagraph, to implement the adaptation measures envisaged in Stages II and III.

(e) Regarding agreed full incremental costs,

The various issues of incremental costs are complex and difficult and further discussion on the subject is therefore needed. The application of the concept of agreed full incremental costs should be flexible, pragmatic and on a case-by-case basis. Guidelines in this regard will be developed by the Conference of the Parties at a later stage on the basis of experience.

2. Also decides to take note of the following conclusions of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change:

(a) Outside the framework of the financial mechanism,

Consistency should be sought and maintained between activities (including those related to funding) relevant to climate change undertaken outside the framework of the financial mechanism and the policies, programme priorities and eligibility criteria for activities as relevant, established by the Conference of the Parties. Towards this end and in the context of Article 11.5 of the Convention, the secretariat should collect information from multilateral and regional financial institutions on activities undertaken in implementation of Article 4.1 and Article 12 of the Convention; this should not introduce new forms of conditionalities.

(b) On transfer of technology, the Committee took note of document A/AC.237/88 prepared by the interim secretariat. The Committee recognized the importance of this subject under the relevant articles of the Convention and concluded that discussions should continue at the Conference of the Parties and its subsidiary bodies with a view to identifying ways and means of operationalizing the transfer of technology under Article 4.5 of the Convention.

(c) The Committee took note of document A/AC.237/Misc.40, an approach paper by the Group of 77 and China on the format of communication of information by Parties not included in Annex I to the Convention.

II. OTHER DECISIONS AND CONCLUSIONS OF THE COMMITTEE

Decision 11/1: Review of the adequacy of Article 4, paragraph 2 (a) and (b) of the Convention

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Having held fruitful and constructive but not fully conclusive discussions on the item of the review of the adequacy of Article 4.2 (a) and (b) of the Convention at its ninth, tenth and eleventh sessions,

Recalling that the Conference of the Parties is mandated in conformity with Article 4.2 (d) to review, at its first session, the adequacy of Article 4.2 (a) and (b) and take appropriate action on this matter at its first session,

Having carried out, on an interim basis, the most pressing tasks of the subsidiary bodies including the tasks listed in Article 4.2 (d), taking into account the 1994 Special Report of the Intergovernmental Panel on Climate Change (IPCC), the annotated compilation of international, peer-reviewed literature on the global situation[1/] and the first compilation and synthesis of national communications from Parties included in Annex I to the Convention prepared by the interim secretariat,[2/]

Emphasizing that the full implementation of existing commitments in Article 4.2 (a) and (b) of the Convention is an essential step that Parties included in Annex I to the Convention should take at this stage,

Recognizing that Article 4.2 (a) and (b) is only a first step towards meeting the ultimate objective of the Convention and that it is subject to review at the first session of the Conference of the Parties under the terms of Article 4.2 (d),

Having taken note of the presentation of the proposal for a protocol to the United Nations Framework Convention on Climate Change on greenhouse gas emissions reduction presented by Trinidad and Tobago, on behalf of the States Parties to the Convention that are members of the Alliance of Small Island States,[3/]

1/ A/AC.237/83.
2/ A/AC.237/81.
3/ A/AC.237/L.23.

Having also taken note of the presentation of the proposals for further elements of a protocol to the Convention submitted by Germany,[4/]

Having further taken note of the appreciation expressed and reservations made by Parties and other member States regarding these proposals,

1. Decides to:

(a) Transmit for consideration and appropriate action by the Conference of the Parties at its first session:

(i) The conclusions under this agenda item reached at its ninth and tenth sessions;[5/]

(ii) The proposal for a protocol to the United Nations Framework Convention on Climate Change on greenhouse gas emissions reduction presented by Trinidad and Tobago, on behalf of the States Parties to the Convention that are members of the Alliance of Small Island States;[3/]

(iii) Proposals for further elements of a protocol to the Convention submitted by Germany;[4/]

(iv) Comments made and views expressed by Parties and other member States at the eleventh session of the Committee;

(b) Recommend that the Conference of the Parties, at its first session, in its review of the adequacy of Article 4.2 (a) and (b) of the Convention take into account the conclusions submitted by this Committee, as well as proposals, comments made and views expressed by Parties and other member States, and, on the basis of this review, take appropriate action, in accordance with the relevant provisions of the Convention;

(c) Urge Parties to contribute actively to the review referred to in Article 4.2(d) of the Convention;

2. Requests the interim secretariat to provide the Conference of the Parties, at its first session, with a compilation of interventions and other comments on this subject which Parties and other member States will have transmitted to the interim secretariat by 17 February 1995. Such documents may, upon request by the submitting country or organization, be issued by the interim secretariat in the original language only and distributed to all delegations.

4/ A/AC.237/L.23/Add.1.

5/ A/AC.237/55, paras. 53-59 and A/AC.237/76, paras. 41-54.

Decision 11/2: Temporary arrangements between the Committee and the Global Environment Facility

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recalling its decision 10/3, paragraph 1,[1/] in which it invited the Global Environment Facility (GEF), as the international entity entrusted with the operation of the financial mechanism referred to in Article 11 of the Convention on an interim basis, to take note of the conclusions reached by the Committee at its tenth session on guidance to the operating entity and to ensure that activities approved by the GEF Council, within the framework of the financial mechanism of the Convention, between now and the first session of the Conference of the Parties are in conformity with those conclusions,

Taking note of the report by the GEF to the eleventh session of the Committee, on the Restructured Global Environment Facility,[2/]

1. Invites the GEF, as the international entity entrusted with the operation of the financial mechanism referred to in Article 11 of the Convention on an interim basis, to take note of the following updated conclusions reached by the Committee at its eleventh session on initial guidance to the operating entity and to ensure that activities approved by the GEF Council, within the framework of the financial mechanism of the Convention, between now and the first session of the Conference of the Parties are in conformity with those conclusions:

(a) Regarding activities undertaken under Article 11 of the Convention,

Within the framework of the financial mechanism:

(i) The operating entity or entities should, in all funding decisions related to the financial mechanism, take into account Article 4.1, 4.7, 4.8, 4.9 and 4.10 of the Convention. In particular, in order to take full account of the specific needs and special situations of the least developed countries, funds allocated to their projects/ programmes should be on a grant basis;

(ii) Projects funded through the financial mechanism should be country-driven and in conformity with, and supportive of, the national development priorities of each country;

1/ A/AC.237/76, Annex I.

2/ A/AC.237/89.

(iii) The operating entity or entities should ensure that, with reference to activities involving transfer of technology, such technology is environmentally sound and adapted to suit local conditions;

(iv) As far as possible, due consideration should be given to the following aspects concerning activities undertaken under the financial mechanism. Activities should be:

- supportive of the national development priorities which contribute to a comprehensive national response to climate change;

- consistent with and supportive of the relevant provisions of internationally agreed programmes of action for sustainable development in line with the Rio Declaration and Agenda 21 and UNCED-related agreements;

- sustainable and lead to wider application;

- cost-effective;

(v) The operating entity or entities of the financial mechanism should strive to leverage other funds in support of the activities of developing country Parties to address climate change;

(vi) In mobilizing funds, the operating entity or entities should provide all relevant information to developed country Parties and other Parties included in Annex II to the Convention, to assist them to take into full account the need for adequacy and predictability in the flow of funds. The entity or entities entrusted with the operation of the financial mechanism should take full account of the arrangements agreed with the Conference of the Parties, which, inter alia, shall include determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of the Convention, as provided for in Article 11.3 (d) of the Convention.

(b) Regarding programme priorities,

(i) Priority should be given to the funding of agreed full costs (or agreed full incremental costs, as appropriate) incurred by developing country Parties in complying with their obligations under Article 12.1 and other relevant commitments under the Convention. In the initial period, emphasis should be placed on enabling activities undertaken by developing country Parties, such as planning and endogenous capacity-building, including institutional strengthening, training, research and education, that will facilitate

implementation, in accordance with the Convention, of effective response measures;

(ii) In this context, activities aimed at strengthening research and technological capabilities for the implementation of the Convention in developing country Parties should be supported through international and intergovernmental efforts. Such support would include networking and the training of experts and, as appropriate, institutional development;

(iii) Emphasis should also be placed on improving national public awareness and education on climate change and response measures;

(iv) The operating entity or entities should finance the formulation by developing country Parties of nationally determined programmes to address climate change issues which are in accordance with national development priorities. To facilitate the formulation of these programmes, it should finance capacity-building and all other activities related to the formulation, management and regular updating of these programmes, which should, as far as possible, be comprehensive;

(v) The operating entity or entities should in accordance with the policies, programme priorities and eligibility criteria as established by the Conference of the Parties, be available to assist, if so requested, in the implementation of the national programmes adopted by developing country Parties;

(vi) In the implementation of these national programmes, the operating entity or entities should support agreed activities to mitigate climate change, as referred to in the Convention, in particular in Article 4.1, consistent with Article 4.3.

(c) Regarding eligibility criteria,

Eligibility criteria will apply to countries and to activities and will be applied in accordance with Article 11.1, 11.2 and 11.3;

(i) Regarding eligibility of countries, only countries that are Parties to the Convention would be eligible to receive funding upon entry into force of the Convention. In this context, only developing country Parties would be eligible to receive funding through the financial mechanism, in accordance with Article 4.3;

(ii) Regarding eligibility of activities,

- Those activities related to obligations under Article 12.1 to communicate information for which the "agreed full costs" are to be met are eligible for funding;

- Measures covered by Article 4.1 are eligible for funding through the financial mechanism in accordance with Article 4.3. Such measures should be agreed between the developing country Party and the international entity or entities referred to in Article 11.1, in accordance with Article 4.3;

- In addition to the above, such measures would be eligible for financial support under Article 11.5.

(d) Regarding adaptation, the following policies, programme priorities and eligibility criteria:

(i) Adaptation to the adverse effects of climate change, as defined by the Convention, will require short, medium and long term strategies which should be cost effective, take into account important socio-economic implications, and should be implemented on a stage-by-stage basis in developing countries that are Parties to the Convention. In the short term, the following stage is envisaged:

- Stage I: Planning, which includes studies of possible impacts of climate change, to identify particularly vulnerable countries or regions and policy options for adaptation and appropriate capacity-building;

(ii) In the medium and long term, the following stages are envisaged for the particularly vulnerable countries or regions identified in Stage I:

- Stage II: Measures, including further capacity-building, which may be taken to prepare for adaptation, as envisaged by Article 4.1 (e);

- Stage III: Measures to facilitate adequate adaptation, including insurance, and other adaptation measures as envisaged by Article 4.1 (b) and 4.4;

(iii) Based on the outputs of the Stage I studies, as well as other relevant scientific and technical studies, such as those of the Intergovernmental Panel on Climate Change (IPCC), and any emerging evidence of the adverse effects of climate change, the Conference of the Parties may decide that it has become necessary to implement the measures and activities envisaged in Stages II and III, consistent with the relevant

conclusions of the Committee and with the provisions of the Convention;

(iv) Funding for the implementation of such adaptation measures and activities would be provided as follows:

- For Stage I, the Conference of the Parties at its first session, shall entrust to the Global Environment Facility (GEF), the interim operating entity of the financial mechanism, the task of meeting the agreed full costs of the activities required by Article 12.1 of the Convention. This would include meeting the agreed full costs of relevant adaptation activities undertaken in the context of the formulation of national communications; such activities may include studies of the possible impacts of climate change, identification of options for implementing the adaptation provisions (especially the obligations contained in Article 4.1 (b) and 4.1 (e) of the Convention), and relevant capacity-building;

- If it is decided in accordance with paragraph (iii) above, that it has become necessary to implement the measures envisaged in Stages II and III, the Parties included in Annex II to the Convention will provide funding to implement the adaptation measures envisaged in these stages in accordance with their commitments contained in Article 4.3 and 4.4 of the Convention;

- In its review of the financial mechanism of the Convention under Article 11.4, the Conference of the Parties, taking into account studies conducted and options for adaptation identified during Stage I, any emerging evidence of the adverse effects of climate change, as well as the relevant conclusions reached by the Committee and its own decisions on this issue, must decide on the channel or channels, under Article 11 of the Convention, to be used for the funding referred to in the preceding subparagraph, to implement the adaptation measures envisaged in Stages II and III.

(e) Regarding agreed full incremental costs,

The various issues of incremental costs are complex and difficult and further discussion on the subject is therefore needed. The application of the concept of agreed full incremental costs should be flexible, pragmatic and on a case-by-case basis. Guidelines in this regard will be developed by the Conference of the Parties at a later stage on the basis of experience.

(f) Regarding agreed full incremental costs,

The various issues of incremental costs are complex and difficult and further discussion on the subject is therefore needed. The application of the concept of agreed full incremental costs should be flexible, pragmatic and on a case-by-case basis. Guidelines in this regard will be developed by the Conference of the Parties at a later stage on the basis of experience.

2. Invites further the GEF to take note of the following conclusion of the Committee with respect to activities undertaken outside the framework of the financial mechanism:

Consistency should be sought and maintained between activities (including those related to funding) relevant to climate change undertaken outside the framework of the financial mechanism and the policies, programme priorities and eligibility criteria for activities as relevant, established by the Conference of the Parties. Towards this end and in the context of Article 11.5 of the Convention, the secretariat should collect information from multilateral and regional financial institutions on activities undertaken in implementation of Article 4.1 and Article 12 of the Convention; this should not introduce new forms of conditionalities.

3. Also invites the GEF to take note of the decision of the Committee to recommend to the Conference of the Parties to decide that the restructured GEF shall continue, on an interim basis, to be the international entity entrusted with the operation of the financial mechanism referred to in Article 11 and to decide, in accordance with Article 11.4 of the Convention, to review the financial mechanism within four years and take appropriate measures, including a determination of the definitive status of the GEF in the context of the Convention;

4. Invites further the GEF, with respect to arrangements between the Conference of the Parties and an operating entity or entities of the financial mechanism, to take note of the recommendation of the Committee to the Conference of the Parties that it request the Convention secretariat, in consultation with the secretariat of the GEF, to prepare, bearing in mind comments made at the eleventh session of the Committee, for consideration by the Subsidiary Body for Implementation at its first session, draft arrangements for adoption by the Conference of the Parties at its second session.

Other conclusions

(a) Election of the President of the Conference

The Committee, at its 7th plenary meeting, on 17 February, decided to recommend to the Conference of the Parties that it elect the head of the delegation of the host country as President of the Conference at the start of its first session.[1/]

(b) Rules of procedure of the Conference of the Parties and of the subsidiary bodies established by the Convention

The Committee, at its 7th plenary meeting, on 17 February, decided to remit the draft rules of procedure contained in document A/AC.237/L.22/Rev.2 to the Conference of the Parties for its consideration.[2/]

(c) Organization of work, including the provisional agenda for the first session of the Conference of the Parties

The Committee, at its 3rd plenary meeting, on 10 February,

(a) Took note with satisfaction that an agreement had been concluded between the interim secretariat of the Convention and the Government of Germany on arrangements for the first session of the Conference of the Parties in Berlin;

(b) Expressed its appreciation to the Government of Germany for its efforts to ensure optimal conditions for the work of the Conference of the Parties at its first session, and welcomed the fact that the Chancellor of the Federal Republic of Germany would address the Conference at the start of the ministerial segment on 5 April;

(c) Took note that, following the past practice of the Committee, heads of partner organizations had been invited by the Executive Secretary to speak at the opening of the Conference;

1/ A/AC.237/91, para. 92.

2/ Ibid., para. 91.

(d) Requested the Executive Secretary to draw up a provisional agenda for the first session of the Conference of the Parties on the basis of the revised list in document A/AC.237/78, annex I, in the light of the outcome of the eleventh session of the Committee and in consultation with the Chairman and Bureau of the Committee, and to prepare annotations to that provisional agenda;

(e) Reiterated its recommendation that Parties include in their delegations, in accordance with their capacities, representatives with expertise in the various economic, social, scientific and environmental fields that are relevant to the objectives of the Convention, owing to the wide range of matters that are to be decided by the Conference of the Parties, and in order to ensure effective participation of Parties during the first session.[3/]

(d) Consultations on nominations to the Bureau of the Conference

At its 7th plenary meeting, on 17 February, the Committee authorized the Chairman to continue his consultations on nominations to the Bureau of the Conference of the Parties, as well as to the posts of Vice-Chairmen and Rapporteurs of the subsidiary bodies.[4/]

(e) Compilation and synthesis of national communications from Parties included in Annex I to the Convention

At its 7th plenary meeting, on 17 February, the Committee agreed on the following conclusions: "The Committee thanked the interim secretariat, and the experts and organizations that had assisted it, for preparing the compilation and synthesis of national communications contained in document A/AC.237/81. It was seen as a fundamentally important document which was useful for discussions ... at COP 1... The preparation of the synthesis document was seen as a promising first step in the review process and a good basis for the in-depth reviews which will begin soon."[5/]

3/ Ibid., para. 145.
4/ Ibid., para. 148.
5/ Ibid., para. 37.

(f) Second Assessment Report of the Intergovernmental Panel on Climate Change

At its 7th plenary meeting, on 17 February, the Committee stressed the importance of the completion by the Intergovernmental Panel on Climate Change (IPCC) of its Second Assessment Report, which is expected to address, on a scientific basis, both certainties and uncertainties regarding the causes, effects, magnitude and timing of climate change, in conformity with Article 4.1 (g).[9/]

(g) Modalities for the functioning of operational linkages between the Conference of the Parties and the operating entity or entities of the financial mechanism

At the 7th plenary meeting of its tenth session, on 2 September 1994, the Committee agreed upon the following conclusions:

(a) The Conference of the Parties, the supreme body of the Convention, and the entity or entities entrusted with the operation of the financial mechanism, shall agree upon arrangements to give effect to the provisions of Article 11.1 and 11.2 through the operational linkages which are discussed below;

(b) In line with Article 11.1 of the Convention, the Conference of the Parties will, after each of its sessions, communicate to the governing body of the operating entity relevant policy guidance for implementation and action by that governing body, which shall accordingly ensure the conformity of the entity's work with the guidance of the Conference of the Parties. Guidance from the Conference of the Parties will address issues relating to policies, programme priorities and eligibility criteria, as well as possible relevant aspects of the activities of the operating entity that are related to the Convention;

(c) The governing body of the operating entity has the responsibility of ensuring that funded projects related to the Convention are in conformity with the policies, eligibility criteria and programme priorities established by the Conference of the Parties. It will report regularly to the Conference of the Parties on its activities related to the Convention and on the conformity of those activities with the guidance received from the Conference of the Parties;

(d) Regular reports by the Chairman or secretariat of the operating entity to its governing body will be made available to the Conference of the Parties through its secretariat. Other official documentation of the operating entity should also be made available to the Conference of the Parties through its secretariat;

9/ Ibid., para. 55.

(e) In addition, the Conference of the Parties should receive and review at each of its sessions a report from the governing body of the operating entity which should include specific information on how it has applied the guidance and decisions of the Conference of the Parties in its work related to the Convention. This report should be of a substantive nature and incorporate the programme of future activities of this entity in the areas covered by the Convention and an analysis on how the entity, in its operations, implemented the policies, eligibility criteria and programme priorities related to the Convention established by the Conference of the Parties. In particular, a synthesis of the different projects under implementation and a listing of the projects approved in the areas covered by the Convention, as well as a financial report including accounting and evaluation of its activities in the implementation of the Convention, indicating the availability of resources, should be included;

(f) In order to meet the requirements of its accountability to the Conference of the Parties, reports submitted by the governing body of the operating entity should cover all its activities carried out in implementing the Convention, whether decisions on such activities are made by the governing body of the operating entity or by bodies operating under its auspices for the implementation of its programme. To this end, it shall make such arrangements with such bodies as might be necessary regarding the disclosure of information;

(g) The funding decisions for specific projects should be agreed between the developing country Party concerned and the operating entity in conformity with policy guidance from the Conference of the Parties. However, if any Party considers that a decision regarding one of the specific projects does not comply with the policies, eligibility criteria and programme priorities established by the Conference of the Parties in the context of the Convention, the Conference of the Parties should analyse the observations presented and take decisions on the basis of compliance with such policies, eligibility criteria and programme priorities. In the event that the Conference of the Parties considers that this specific project decision does not comply with the policies, eligibility criteria and programme priorities established by the Conference of the Parties, it may ask the governing body of the operating entity for further clarification on this specific project decision and in due time ask for a reconsideration of that decision;

(h) The Conference of the Parties will periodically review and evaluate the effectiveness of all modalities established in accordance with Article 11.3. Such evaluations will be taken into account by the Conference of the Parties in its decision, pursuant to Article 11.4, on the arrangements for the financial mechanism.[7/]

7/ A/AC.237/76, para. 89.

(h) Provision to developing country Parties of technical and financial support

At its 7th plenary meeting, on 17 February, the Committee took note of the views expressed and of the following conclusion reached in Working Group II: "Bearing in mind the views expressed by representatives, and without prejudice to the guidance that the Conference of the Parties may provide in the future, the interim secretariat was requested to continue to facilitate the provision of technical and financial support to Parties, in cooperation with its partners, and to periodically report back to the Conference of the Parties on progress achieved, so that further guidance could be provided."[8/]

(i) Institutional linkage of the Convention secretariat to the United Nations

At its 5th plenary meeting, on 15 February, the Committee decided to recommend to the Conference of the Parties that, taking into account the advice of the Secretary-General[9/] and the related comments of the Contact Group of the Committee,[10/] as well as the "Understanding on support for the United Nations Framework Convention on Climate Change and cooperation with the Convention secretariat,"[11/] it decide that the Convention secretariat be institutionally linked to the United Nations, while not being fully integrated in the work programme and management structure of any particular department or Programme. It further recommended that such a linkage be established for a definite duration and include a provision for its review.[12/]

(j) Arrangement for administrative support to the Convention secretariat

At its 5th plenary meeting, on 15 February, the Committee decided to invite the Secretary-General of the United Nations to complete his advice by recommending, for consideration by the Conference of the Parties at its first session, an efficient arrangement for administrative support to the Convention secretariat that would ensure proper procedures, controls and accountability, while allowing for managerial autonomy, flexibility and full accountability to the Conference of the Parties.[13/]

8/ A/AC.237/91, paras. 76-77.
9/ A/AC.237/79/Add.1, Annex III.
10/ A/AC.237/79/Add.5.
11/ A/AC.237/79/Add.6.
12/ A/AC.237/91, para. 100.
13/ Ibid., para. 101.

(k) Financial procedures for the Conference of the Parties to the United Nations Framework Convention on Climate Change, its subsidiary bodies and its permanent secretariat

At its fifth plenary meeting, on 15 February, the Committee decided to recommend to the Conference of the Parties that it adopt the following financial procedures:[14/]

Financial procedures for the Conference of the Parties to the United Nations Framework Convention on Climate Change, its subsidiary bodies and its permanent secretariat

1. These procedures shall govern the financial administration of the Conference of the Parties to the United Nations Framework Convention on Climate Change, its subsidiary bodies and its permanent secretariat. In so far as not specifically provided under these procedures, the Financial Regulations and Rules of [the host organization] shall apply.

2. The financial period shall be a biennium, of which the first year shall be an even year.

The budget

3. The head of the Convention secretariat shall prepare the administrative budget for the following biennium, and shall dispatch it to all Parties to the Convention at least 90 days before the opening of the ordinary session of the Conference of the Parties at which the budget is to be adopted.

4. The Conference of the Parties shall consider the proposed budget, and shall adopt a budget by consensus prior to the commencement of the financial period that it covers.

5. Adoption of the budget by the Conference of the Parties shall constitute authority to the head of the Convention secretariat to incur obligations and make payments for the purposes for which the appropriations were approved and up to the amounts so approved, provided always that, unless specifically authorized by the Conference of the Parties, commitments are covered by related income.

6. The head of the Convention secretariat may make transfers within each of the main appropriation lines of the approved budget. He may also make transfers between such appropriation lines up to such limits as the Conference of the Parties may set from time to time.

14/ Ibid., para. 115, and A/AC.237/L.26.

Contributions

7. The resources of the Conference of the Parties shall comprise:

(a) Contributions made each year by Parties on the basis of an indicative scale, adopted by consensus by the Conference of the Parties, and based on such a scale of assessments of the United Nations as may be adopted from time to time by the General Assembly, adjusted so as to ensure that no Party contributes less than 0.01 per cent of the total; that no one contribution exceeds 25 per cent of the total; and that no contribution from a least developed country Party exceeds 0.01 per cent of the total;

(b) Voluntary contributions made by Parties in addition to those under (a) above;

(c) Other voluntary contributions, including contributions to support the participation of the representatives of developing countries Parties and of other Parties with economies in transition in the Conference of the Parties and its subsidiary bodies;

(d) The uncommitted balance of appropriations from previous financial periods;

(e) Miscellaneous income.

8. In respect of contributions under 7 (a) above:

(a) Each Party shall, prior to 1 January of each year, inform the head of the Convention secretariat of the contribution it intends to make that year and of the projected timing of that contribution;

(b) Contributions are due on 1 January of each calendar year.

9. Contributions under 7 (b) and (c) above shall be used in accordance with such terms and conditions, consistent with the objectives of the Convention, as may be agreed by the head of the Convention secretariat and the contributor.

10. All contributions shall be paid in convertible currencies into a bank account to be designated by [the head of the host organization] in consultation with the head of the Convention secretariat.

11. The head of the Convention secretariat shall acknowledge promptly all pledges and contributions and shall inform the Parties, at least twice a year, of the status of pledges and payments of contributions.

12. Contributions not immediately required shall be invested at the discretion of [the head of the host organization], and the resulting income shall be credited to the related Trust Fund.

Funds

13. A fund shall be established by [the head of the host organization] and managed by the head of the Convention secretariat. All resources of the Conference of the Parties under 7 (a), (b), (d) and (e) above shall be credited to the fund, and all expenditures under 5 above shall be charged to the fund.

14. Within the fund there shall be maintained a working capital reserve at a level to be determined from time to time by the Conference of the Parties by consensus. The purpose of the working capital reserve shall be to ensure continuity of operations in the event of a temporary shortfall of cash. Drawdowns from the working capital reserve shall be restored from contributions as soon as possible.

15. A special fund shall be established by [the head of the host organization] and managed by the head of the Convention secretariat. This fund shall receive voluntary contributions, under 7 (c) above, to support the participation of the representatives of developing-country Parties, in particular those that are least developed countries or small island developing countries, and of other Parties with economies in transition in the Conference of the Parties and its subsidiary bodies.

16. Subject to the approval of the Conference of the Parties, [the head of the host organization] may establish other trust funds, provided that they are consistent with the objectives of the Convention.

17. Should a fund established under 15 or 16 above result in additional liability to the core administrative budget, that liability must be quantified and approved in advance by the Conference of the Parties.

Accounts and audit

18. The accounts and financial management of all funds governed by these financial procedures shall be subject to the internal and external audit process of [the host organization].

19. An interim statement of accounts for the first year of the financial period shall be provided to the Conference of the Parties during the second year of the period, and a final audited statement of accounts for the full financial period shall be provided to the Conference of the Parties as soon as possible after the accounts for the financial period are closed.

Reimbursement to the host organization

20. The Conference of the Parties shall reimburse [the host organization] for services provided by that organization to the Conference of the Parties and its secretariat, at such rates as may from time to time be agreed upon for that purpose by both organizations.

General provisions

21. In the event that the Conference of the Parties decides to terminate a trust fund established under these procedures, it shall so advise [the head of the host organization] at least six months before the date of termination so decided. The Conference of the Parties shall decide, in consultation with [the head of the host organization], on the distribution of any uncommitted balance after all liquidation expenses have been met.

22. Any amendments to these procedures shall be adopted by the Conference of the Parties by consensus.

(l) Consultations on the physical location of the Convention secretariat (Invitation to potential host Governments to hold consultations

At its 7th plenary meeting, on 17 February, the Committee invited the Governments of Canada, Germany, Switzerland and Uruguay to hold consultations before the first session of the Conference of the Parties, with a view to arriving at a common understanding that would facilitate a decision on the physical location of the Convention secretariat.[15/]

(m) Budget for the biennium 1996-1997

At its 5th plenary meeting, on 15 February, the Committee requested the Executive Secretary to prepare, for consideration by the Conference of the Parties, at its first session, a detailed budget for the biennium 1996-1997, taking into account the discussions of the Committee at its eleventh session, and to circulate this to the Parties as soon as possible.[16/]

(n) Financing of conference-servicing costs by the United Nations

At its 5th plenary meeting, on 15 February, the Committee decided to recommend to the Conference of the Parties that it request the General Assembly, bearing in mind the institutional linkage of the Convention secretariat to the United Nations and the large number of States which are Parties to the Convention, to finance from the regular programme budget of the United Nations the conference-servicing costs arising from sessions of the Conference of the Parties and its subsidiary bodies for the duration of the institutional linkage.[17/]

(o) Extra-budgetary funding for the interim secretariat in 1995

At its 3rd plenary meeting, on 10 February, the Committee:

(a) Took note of the information presented in document A/AC.237/80 and of the considerations contained in paragraphs 12 and 13 therein;

(b) Took note with appreciation of the extrabudgetary support provided for participation in the work of the Committee and for the first Conference of the Parties, as well as for the activities of the interim secretariat;

15/ Ibid., para. 128.
16/ Ibid., para. 117.
17/ Ibid., para. 116.

(c) Appealed for additional contributions to enable the interim secretariat to support participation at the first Conference of the Parties by a second delegate from Parties that are least developed countries or that are eligible small island developing countries;

(d) Noted the need for the financial estimates for the secretariat's work in 1995 to be further reviewed in connection with the budget for the biennium 1996-1997;

(e) Expressed its support for the efforts of contributors and the interim secretariat to mobilize the extrabudgetary funds that would be required for 1995, taking account of the desirability that contributions be untied.[18/]

(p) Establishment of a multilateral consultative process for the resolution of questions regarding implementation (Article 13 of the Convention)

At the 7th plenary meeting of its tenth session, on 2 September 1994, the Committee decided to recommend to the Conference of the Parties, at its first session, that it establish an ad hoc and open-ended working group of technical and legal experts to study all issues relating to the establishment of a multilateral consultative process and its design, and to report its findings to the Conference of the Parties at its second session.[19/]

18/ Ibid., para. 137.

19/ A/AC.237/76, para. 114.